

7. Future developments

There are three future developments we would like to bring to your attention:

- Performance-based regulation - see section 7.1 below
- Reform of the abstraction regime and charging scheme - see section 7.2
- Review of Navigation charges - see section 7.3

7.1. Performance based regulation

Over the next few years, we will be engaging with our customers to develop and shape proposals which explore opportunities to change the way we regulate. These proposals are collectively known as Performance Based Regulation.

We hope to begin consulting on options relating to Performance Based Regulation in 2018, with continuing development over the next few years. At the end of that process it is our intention to consult on proposals for linking all or part of Performance Based Regulation to charges for EPR sites.

7.2. Forward Look for Abstraction Charges

The abstraction licensing system is being reformed. As part of this, abstraction and impoundment licences are proposed to be brought into the Environmental Permitting Regulations. This will align abstraction licences with other environmental permits. Alongside the reform of the abstraction licensing system, we will also be reviewing abstraction charges in line with the aims of the Strategic Review of Charges and to align with the strategic framework being consulted on for current regimes in EPR.

In reviewing the abstraction charges scheme:

- We will ensure the cost of Water Resources management activities which allow all abstractors to operate in the water environment are fully, fairly and equitably recovered from all abstractors, by:
 - introducing categories of charges to recover the costs of baseline water resource management activities, for example planning, monitoring, assessing and reporting on the water availability within catchments
 - considering options to introduce subsistence charges to recover the costs associated with the service we provide for water transfer type activities and impoundments, which are currently exempt from subsistence charges
- We will review how the costs of our operational activities and specific services provided to support our regulatory role are recovered in a transparent and equitable way from those who benefit, by:
 - reviewing our approach to recovering the cost of the operational service we provide to specific groups of abstractors, for example the costs of managing, maintaining and operating our augmentation and transfer schemes; this may include ending the classification of some supported sources, modifying the extent of others and potentially seeking to classify new supported sources
 - exploring new options to better reflect the costs of our groundwater modelling service and the services we provide in catchments which help to define our policy

where either levels of abstraction are unsustainable or where the hydrology is failing to support Good Ecological Status

- We will ensure the scheme can respond to cost variability within England, while ensuring stability for charge payers, by:
 - proposing to move away from eight regional charge account areas to one national charge account and addressing how the variability in the level of water resource management activity, driven by geographical, political and demographic differences is reflected in charges. We will look at options for doing this ensuring that we provide abstractors with transparency and regulatory protection and assessment of their effects on the water environment, as well as their future sustainability
 - working with Natural Resources Wales to review options for setting charges in the cross border catchments between England and Wales
- We will review application charges to ensure they fully recover the cost of the application and determination service, by:
 - amending application charges, including the cost of our pre-application service, to reflect the level of effort associated with determining different types of application
 - considering options to recover the costs associated with Groundwater Investigation Consents, as and when legislation allows
- We will ensure that the scheme is fit for the future under Abstraction Reform, by:
 - understanding how new licensing approaches alter the operational cost of water management and exploring options to recover the potential costs fairly and equitably from those who benefit
 - reviewing the future requirement to recover costs of compensation liabilities through our charges

The timetable for reforming the abstraction charges framework is still to be determined; timing will be aligned to complement the move of licensing into EPR. We will engage and develop our proposals in collaboration with our customers and will undertake a full consultation in the future.

Consultation question

68. Please tell us if you have any comments on our plans to review abstraction charges.

7.3. Navigation

7.3.1. Background

The Environment Agency is the second largest Navigation Authority in the UK, responsible for managing 1,000 km of inland waterways. It's our job to keep them open and safe for a variety of uses, but especially for boating.

In total, there are around 26,000 recreational and commercial boats kept or used on the waterways we manage. It's a legal requirement for these boats to register with us and we make a charge for this, so that those who benefit from the navigation services we provide contribute towards the significant costs of managing and maintaining the waterways.

The current costs of the services we provide far exceed the costs recovered (broadly 25%) from customer charges for the benefits they receive in each waterways area. If we maintain charges at the current level there will be a detrimental impact in the quality of maintenance and service we can offer.

We are required to conduct a review of our regulatory approach and charging schemes to make sure they are fair, transparent and that we move towards cost-reflective charging – that is, that the true cost of the services we provide for our customers' benefit is recovered through the boat registration charges they pay.

7.3.2. Forward look for Navigation charges

We plan to conduct a full review of Navigation charges with the aim of creating a 5-year charging plan for boat registration charges 2019-2023. We will:

- review how the costs of our Navigation operational activities and specific services provided across our waterways are recovered fairly and equitably from those who benefit by keeping or using a boat on them
- review the service offer across our waterways, understanding what services are important to local customers' needs and expectations and to what level they are prepared to pay for them, or see them reduce or stop

We plan to review the current boat registration charges scheme which we recognise is complicated, different for each waterway we manage, and has not been reviewed for many years. We will review and simplify our charges scheme, introducing consistency where it makes sense to do so, and making it easier for our customers to understand and our staff to apply.

We plan to engage and develop our proposals with our customers through this pre-consultation, face-to-face workshops in early 2018 and a full public consultation in spring/summer of 2018 prior to implementing any changes in January 2019.

Consultation questions

69. What factors do you think should determine how we calculate the boat registration charge?

70. We would appreciate your comments and feedback to help develop our proposals. What would you like to see included within a revised boat registration charges scheme?

71. Please rate the following elements of service based on how important they are to you, using the key below? You can choose the same number more than once.

(1 important /2 like to have /3 don't mind/4 could manage without / 5 don't want or need/6 unsure)

- Choose an item. Channel dredging
- Choose an item. Tree and vegetation clearance
- Choose an item. Assisted passage (staff to operate locks)
- Choose an item. Routine patrolling by staff on patrol launches
- Choose an item. Compliance and enforcement checks
- Choose an item. Provision of facilities (e.g moorings / water / refuse and sewage disposal)
- Other (please specify)

72. Do you have any other comments on the above plans to review Navigation charges and the boat registration charges scheme?

73. Would you be interested in attending a workshop to help us shape our new proposals? If so, please provide your contact details here: